



Q3 2018 RESULTS PRESENTATION

The conference call does not replace the need to review the latest periodic/quarterly reports in which full information is contained, including forward looking information, as defined in the Israeli Securities Law, and set out in the aforementioned reports.

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Business and Financial Highlights

Digital

Leading digital transformation in Israel

PEPPER.

Digital Mortgage

IDEA

New digital investment management platform

Streamlining

Continued expansion of digital use across all customer segments – Driving customer satisfaction, growth and profitability

New Operations Division launching in 2019 – to simplify business and improve efficiency; progressing at full steam

Cost-income ratio fell to below 60% - in Q3 and 9M 2018

High Quality Credit Portfolio

Responsible credit growth - Commercial and Corporate continue to lead

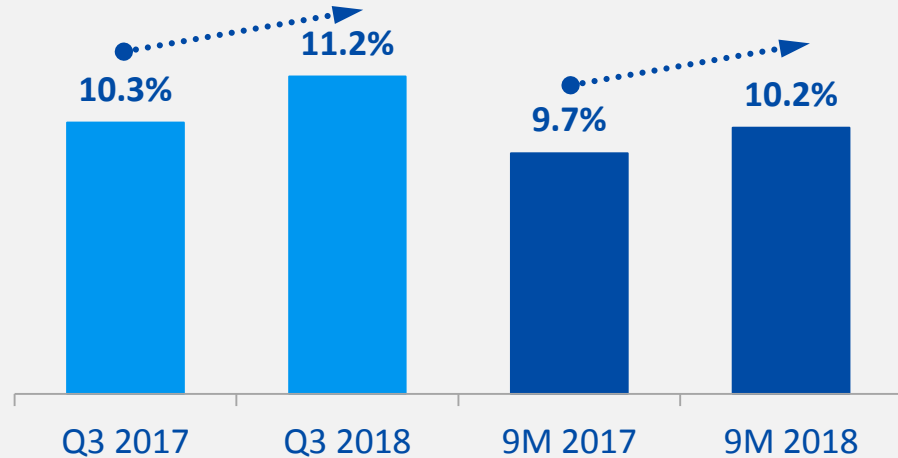
Portfolio remains solid and conservative

High Capital Returns – Dividends and Buyback at NIS 1.7 billion

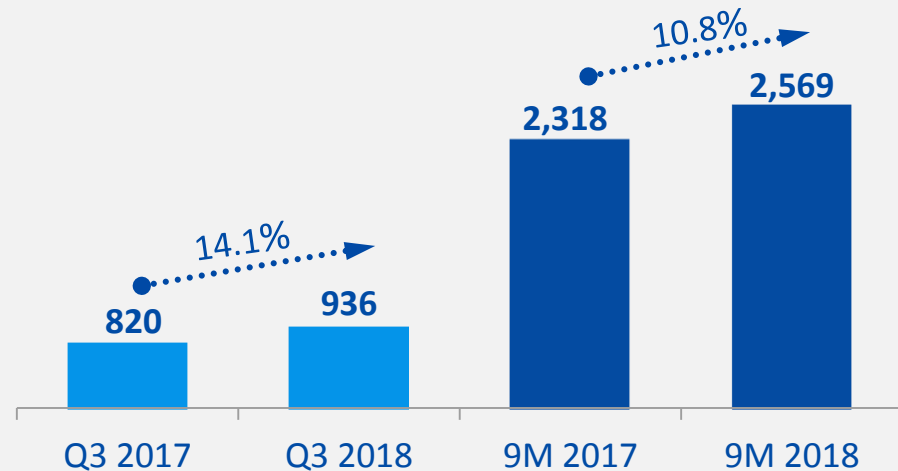


Strong Results Across the Board

Return on Equity



Net Profit



(NIS Millions)

Income up – Net Interest Income, Net Interest Margin up

Cost Income Ratio continues to improve, supported by a disciplined cost structure

Credit Loss Expenses increased



Profitability increased - ROE up,
Net profit up 14.1%, EPS up 14.8% from Q3 2017
Net profit up 10.8%, EPS up 11.1% from 9M 2017



Year-over-Year, Core Business Continues to Improve

ROE	NIM	COST INCOME RATIO	CREDIT LOSS EXPENSES	NPL RATIO	LEVERAGE RATIO	CET1
9M 2018						
10.2%	2.18%	59.8%	0.15%	0.95%	7.05%	11.25%
9M 2017						
9.7%	2.03%	62.9%	0.07%	1.14%	7.03%	11.35%

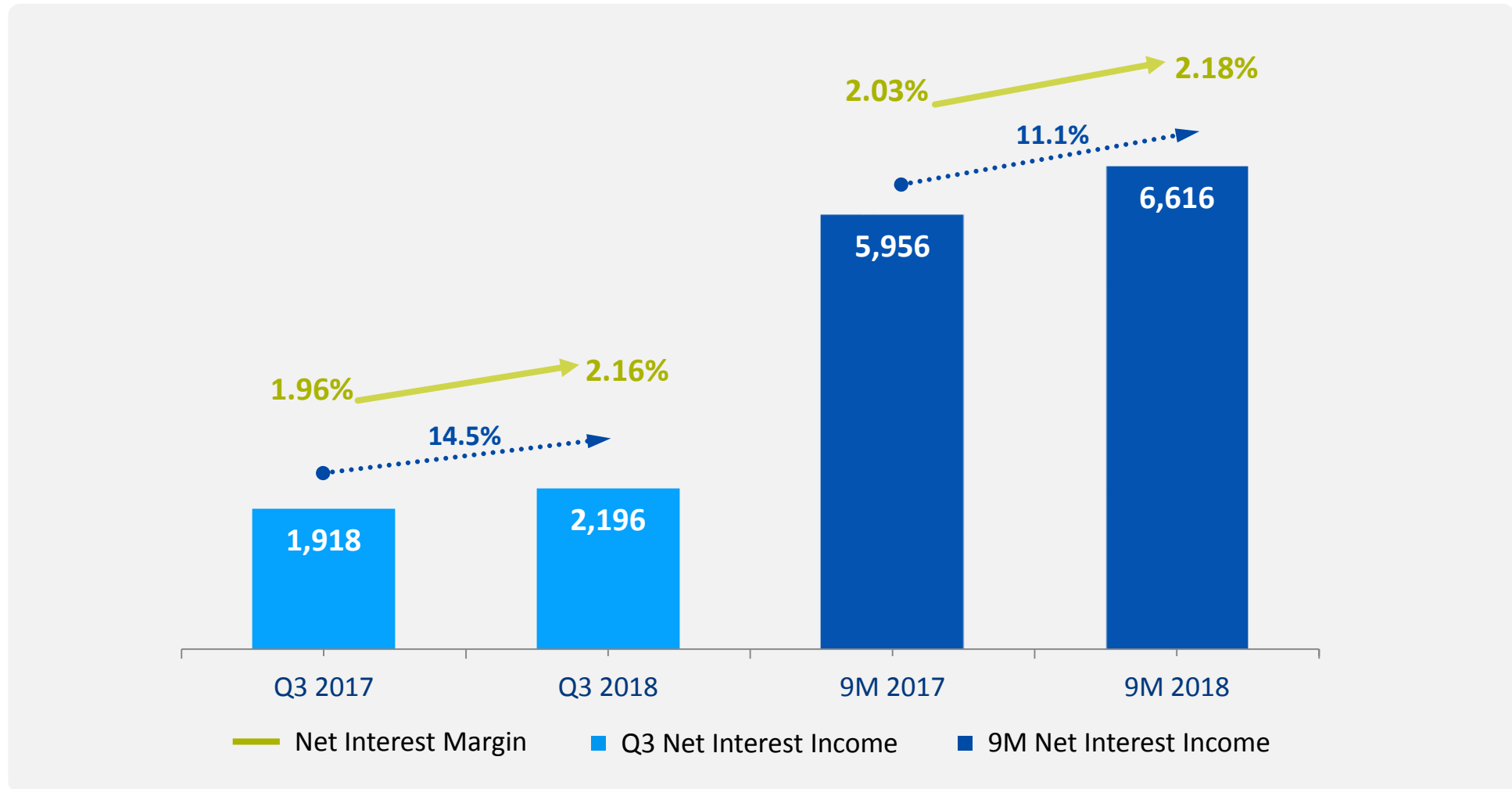


Quarterly Year-over-Year Progress

ROE	NIM	COST INCOME RATIO	CREDIT LOSS EXPENSES	NPL RATIO	LEVERAGE RATIO	CET1
Q3 2018						
11.2%	2.16%	55.8%	0.29%	0.95%	7.05%	11.25%
Q3 2017						
10.3%	1.96%	64.4%	0.00%	1.14%	7.03%	11.35%



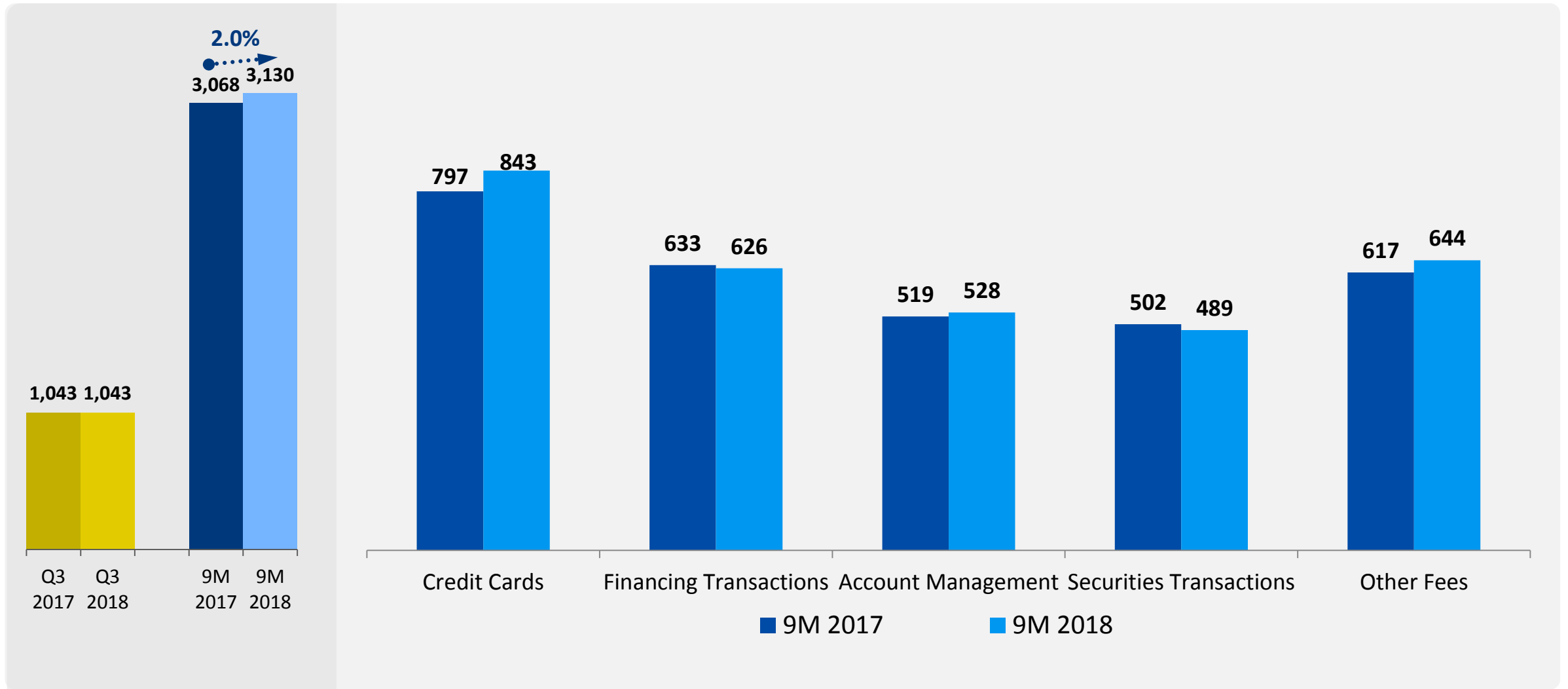
Net Interest Income and Net Interest Margins Continue to Rise



(NIS Millions)



Fees and Commissions Up Year-over-Year for First Nine Months

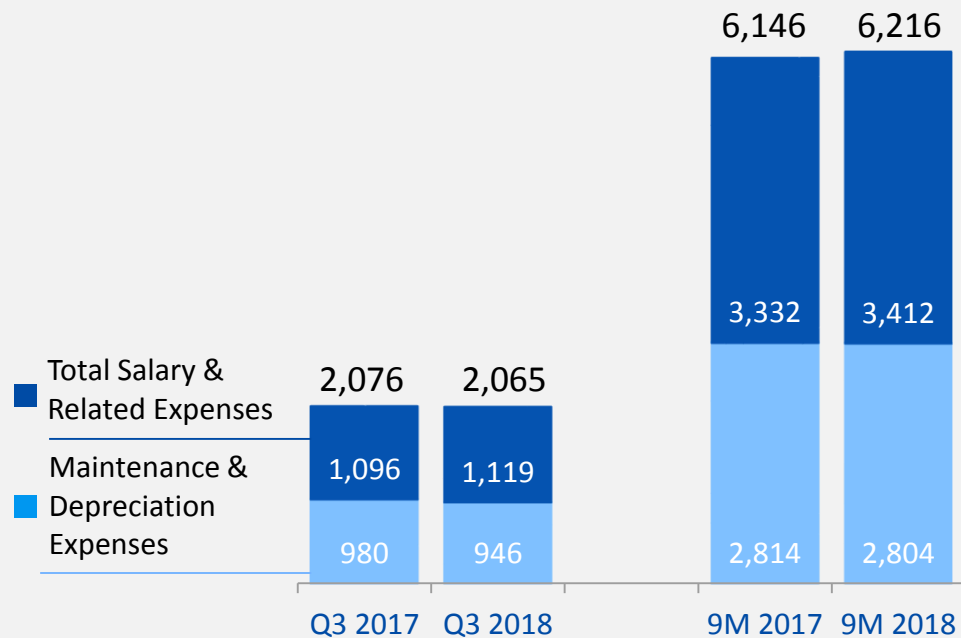


(NIS Millions)

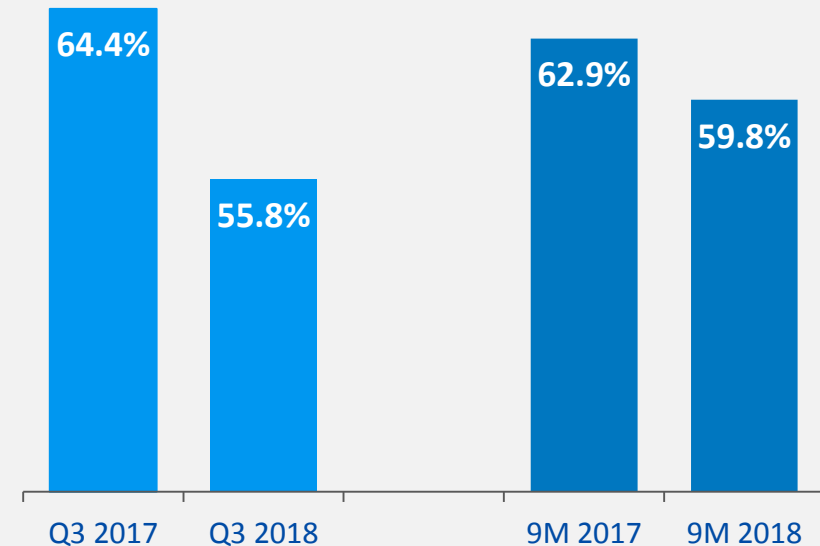


Focus on Improving Efficiency

Disciplined Cost Structure



Improved Cost-income Ratio

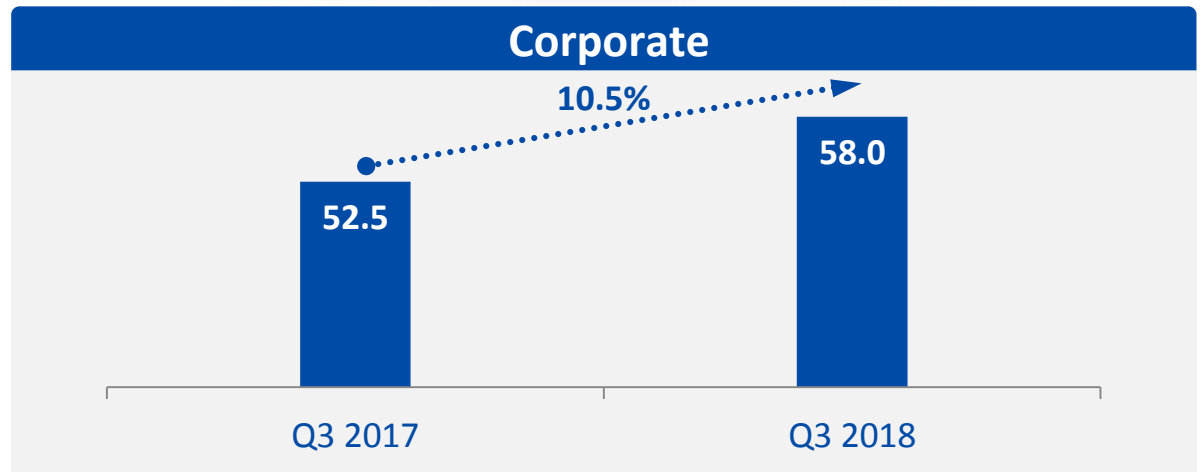
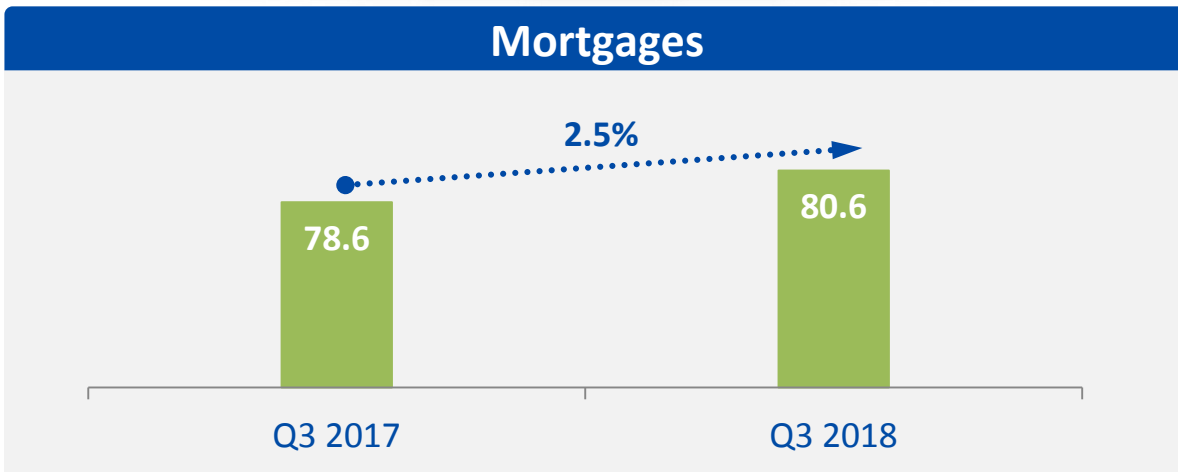
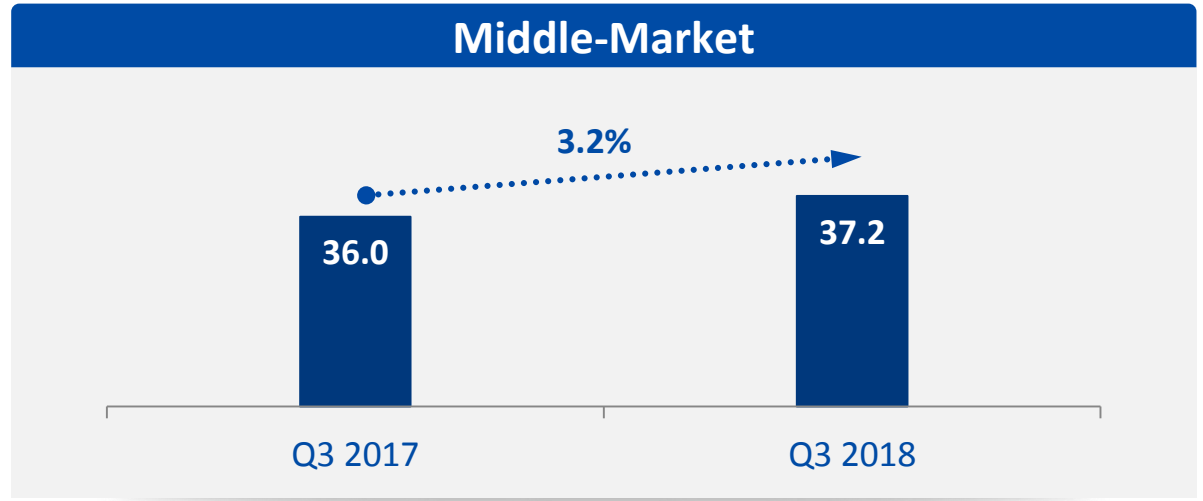
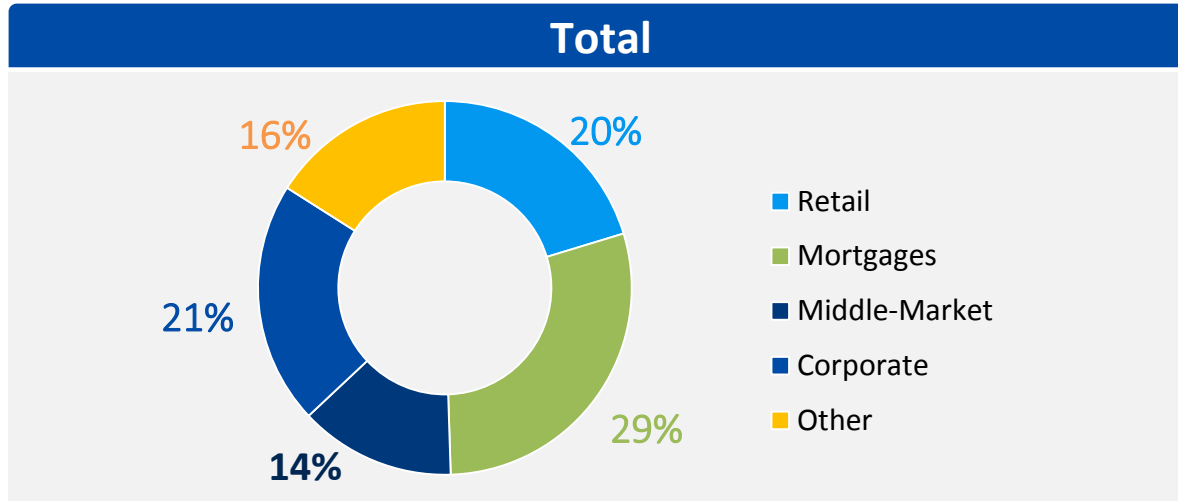


NIS Millions

In Q2 2017 our presentation featured a one-time bonus (NIS 43 million). In Q2 2018 an additional bonus was recorded due to structural changes. The bonuses for 2017 and 2018 are not presented as a one-time item



Loan Growth in Line with Strategy

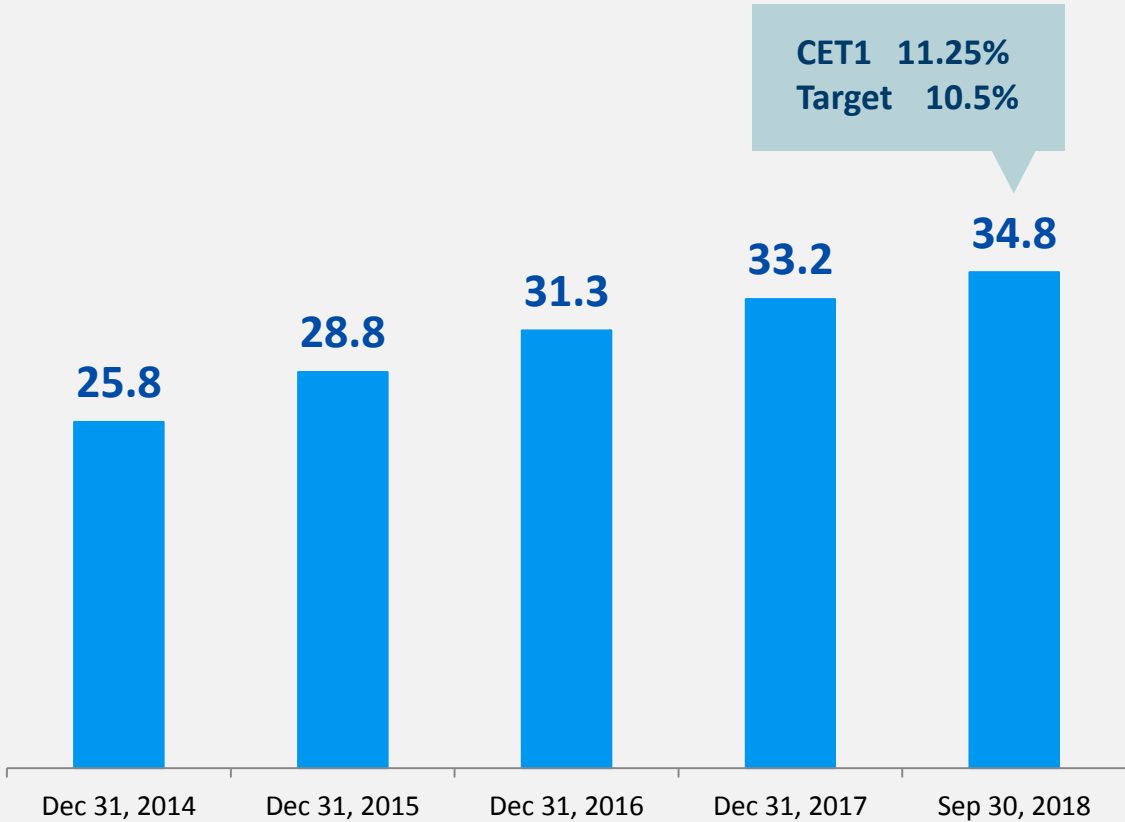


(NIS Billions)
 Corporate includes Corporate and Real-Estate
 Data Includes held-for-sale asset



Strong Capital Adequacy Ratios Enable Adjusting Share Capital

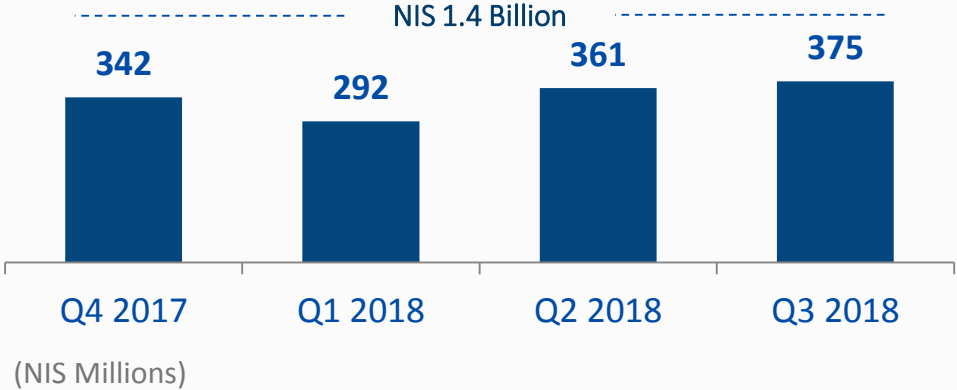
Capital Up, CET1 Well-above Target



(NIS Billions)

Dividends

- 40% quarterly payout
- 4.2% Q3 2018 annualized dividend yield



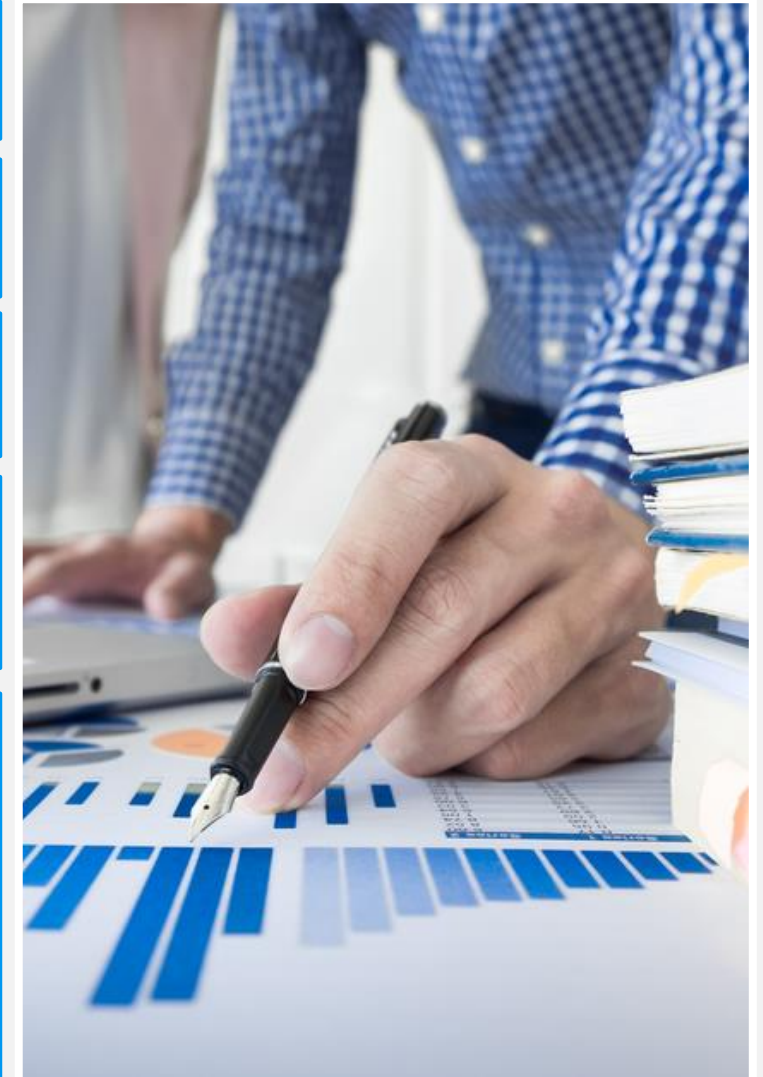
Buyback Plan

- Started implementing late May 2018
- Utilized NIS 642M (as of Nov 8)
- Total plan: up to NIS 700M



Wrapping Up 9M of 2018

- Strong financial results - Return on Equity, NII and NIM up, Cost Income Ratio below 60%
 - Digital transformation and offerings continue to play pivotal role
 - Growth in credit led by Middle Market, Real Estate and Mortgages
 - Robust Capital Adequacy – approx. 60% effective dividend and buyback payout
- Looking Ahead:**
- • Completion of Leumi Card sale in the coming quarters
 - Sale of Direct Finance to contribute to Q4'18 earnings
 - Market forecasts an increase in interest rates





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Q&A



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THANK YOU



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APPENDIX

Strong Macro Profile – a Positive for Leumi

Robust economic growth – positive for Leumi

Favorable demographic fundamentals –
Another “Plus” for Leumi

An innovation nation - Leumi partnering with
High-Tech Financial Services

Natural Resources (water and natural gas) – an
area of Leumi’s financing expertise

Israeli economy enjoys stability indicators –
a positive business environment for Leumi

Israel’s credit rating - upgraded to AA- by S&P, a
positive business environment for Leumi

	2016	2017	E2018*	E2019*
GDP, rate of change, real terms	4.0%	3.5%	3.2%	3.3%
Private Consumption	6.1%	3.3%	4.2%	4.3%
Current account surplus, % of GDP	3.8%	3.0%	1.3%	1.2%
Government budget deficit, % of GDP	(2.1%)	(1.9%)	(3.3%)	(3.1%)
Government debt, % of GDP	61%	59%	60%	61%
Unemployment, Annual Average	4.8%	4.2%	3.8%	3.9%
CPI, year-end change	(0.2%)	0.4%	0.9-1.4%	0.1-1.1%
NIS-USD, average exchange rate	3.84	3.60	3.50-3.70	3.50-3.70
NIS-GBP, average exchange rate	5.21	4.67	4.75-4.95	5.00-5.20
NIS-EUR, average exchange rate	4.25	4.07	4.15-4.35	4.15-4.35
Bank of Israel average interest rate	0.1%	0.1%	0.1%	0.1%-0.6%

Source: Central Bureau of Statistics, *Leumi forecast

